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RURAL AREAS DEVELOPMENT

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newsletter

May 1961

No. 34

*We must show the
world what a
free economy can do
...to put unused
capacity to work,
spur new
productivity and
foster higher
economic growth.
President Kennedy.*

On May 1 President Kennedy signed into law an Area Redevelopment Bill to promote new opportunities in rural and urban areas suffering from a chronic lack of full-time jobs.

The new legislation authorizes \$394 million in loans, grants, technical aid, and other benefits over a four-year period. One hundred million dollars in loans are specifically earmarked for low-income rural areas.

Five broad types of Federal aid are authorized by the Area Redevelopment Act:

Loans to help finance industrial buildings and commercial projects, including tourist facilities.

Loans and grants for public facilities, such as water and sewage systems and power lines.

Technical aid, through Federal, State, and private agencies, to communities for surveys of resources and program planning.

Retraining grants to enable workers out of jobs and small farmers to up grade their skills or gain new skills.

More flexible Federal urban renewal aid in redevelopment areas.

President Kennedy designated William L. Batt, Jr., former Pennsylvania Secretary of Labor, to head a new Area Redevelopment Administration in the U. S. Commerce Department.

The new agency will be responsible for general administration of the program. However, present planning indicates that the Department of Agriculture will be assigned major responsibility for aid in rural redevelopment areas.



MORE RESOURCES FOR HARD HIT AREAS

"The Area Redevelopment Act supplements and broadens programs we already have under way in the lowest income areas of the Nation. It provides more and better tools for assisting the areas of greatest need. However, by law most of the benefits will be confined to carefully selected areas where poverty and unemployment are most chronic and excessive. On the other hand, the program of Rural Areas Development that Secretary Freeman announced a few weeks ago is much broader in scope and purpose. It is an attempt to promote new and better opportunities in all of the major farming regions. Under Rural Areas Development the Department is mobilizing all of its resources to assist in locally initiated, viable programs of area development wherever these may be." -- John A. Baker, Director of Agricultural Credit and Chairman, Rural Areas Development Board.

(Continued from first page)

New Administrator Addresses REC Officials

On May 15 Mr. Batt made his first public appearance since being designated Administrator when he addressed a meeting of 1,000 State and local rural electric and telephone cooperative leaders meeting in Washington, D. C. The meeting was entirely devoted to the role of electric and telephone co-ops in area development.

If the nation is to maintain prosperity in small towns and rural areas, positive measures must be taken to create new job opportunities outside of agriculture, Mr. Batt told the co-op leaders. "I sincerely believe that the Area Redevelopment Act will help in this endeavor," he said.

Mr. Batt termed area redevelopment "a long-range program of creative area economic redevelopment."

"Even the most enthusiastic supporters of the legislation do not expect that the new program will solve all the chronic unemployment problems of all eligible areas," he said. "They do believe, however, that Federal assistance can materially help those communities and States willing to work hard for their own economic improvement."

Secretary Freeman Emphasizes Technical Aid

Secretary of Agriculture Orville L. Freeman told the co-op group that new assistance provided by the Area Redevelopment Act will reinforce the Department's Rural Areas Development Program and other activities to promote economic development in small towns and farming communities.

He called particular attention to technical assistance provisions of the new Act. With the aid of experts in the Department of Agriculture, the Secretary said, this provision can help plan how rural land resources can best be applied most productively.

However, it is important to recognize that new tools provided under the Area Redevelopment Act are limited in relation to the overwhelming need, Secretary Freeman said. "We should consider this an experimental program which must be made to work, then we can seek to expand it as the overwhelming good it achieves becomes more apparent."

Among other speakers who addressed the co-op meeting, which was sponsored by the National Rural Electric Cooperative Association, were Senator Paul Douglas of Illinois, one of the authors of the Area Redevelopment Bill, and John A. Baker, Chairman, Rural Areas Development Board.

Importance of Local Efforts

Federal officials working on plans for the new Area Redevelopment Program emphasize the crucial importance of local initiative and enterprise. They point out that the burden of responsibility for obtaining maximum benefits under the Area Redevelopment Act rests principally upon communities concerned.

Areas declared eligible for aid are required to develop an overall program of economic development. This is a prerequisite for loan and grant assistance.

Communities demonstrating the most initiative in preparing for area redevelopment will be in the best position to benefit from aid authorized by the new act.

How Eligible Rural Areas Will be Named

The Area Redevelopment Act includes some definite criteria that the Departments of Commerce and Agriculture must adhere to in setting up a list of rural areas eligible for aid.

Criteria include: number of low-income farm families in the area; ratio of such families to total farm families; family income level compared to general U. S. income level; available job opportunities and workers; out migration; proportion of people receiving welfare aid; and extent to which Rural Development projects have been located in the area.

In addition to rural areas designated for major aid under the Act, areas classified by the U. S. Department of Labor as "areas of substantial and persistent labor surplus" will also be eligible.

Federal agencies with a role in the new Area Redevelopment Program are presently working out plans for administration. A major first step will be announcement of rural areas eligible to apply for loans and grants.

Key Federal and State agencies, such as the Departments of Commerce and Agriculture, Small Business Administration, and State planning and development agencies will be able to assist local officials.

The U. S. Department of Commerce has also issued a booklet, Your Community and the Area Redevelopment Act, summarizing the program. Single copies are available from Area Redevelopment Administration, U. S. Department of Commerce, Washington 25, D. C.

MAIN FEATURES OF AREA REDEVELOPMENT PROGRAM

Aim -- To bring about new and better opportunities in rural and urban areas around the nation where a large number of people are out of work or operate small, marginal farms.

Administration -- General direction centered in a new U. S. Commerce Department unit, the Area Redevelopment Administration. Several U. S. agencies will be responsible for actual program operations, with the Department of Agriculture administering a major part of rural areas assistance.

Designation of areas -- Designated areas are limited to (1) labor market (generally urban) areas with a persistent high level of unemployment; and (2) rural areas having the most serious problem of low-incomes and inadequate farm levels of living in the nation.

Benefits -- \$200 million in loans for industrial and commercial projects, divided equally between rural and urban areas.

\$100 million in loans for public facilities.

\$75 million in grants for public facilities.

\$4.5 million in grants for technical assistance to localities.

(This benefit is not restricted to eligible areas only.)

\$10 million in subsistence grants to individuals while they are training for a different job or improving skills.

\$4.5 million in grants to finance retraining programs.

Increased opportunity under Federal Housing Act amendments to rehabilitate blighted industrial and commercial areas and to obtain urban planning aid in cities, small towns, and counties.

Loan requirements -- Federal loans for private industrial and commercial projects are limited to 65 percent of the total cost; minimum State or local agency participation is 10 percent of total cost; minimum private participation, 5 percent. Interest rate determined by current cost of money to the government (presently about 3 3/4 percent), plus 1/2 of one percent for overhead. Period of loan, up to 25 years. Federal loans for public facilities may cover 100 percent of the total cost, depending on State, local, and other private financing available. Interest rate determined by current average rate of interest on public debt (presently about 3 percent), plus 1/4 of one percent. Period of loan, up to 40 years.

Area plan -- Private industrial and commercial projects to be financed under the program must be approved by a designated State agency as fitting into a total area plan of development.

Duration -- The program terminates June 30, 1965.

Further information -- Basic details on administration, eligible areas, applications, local action, etc., will be widely publicized. Key Federal and State agencies, such as the Departments of Commerce and Agriculture, Small Business Administration, and State Development Agencies, will be in a position to assist local officials seeking further information.

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Growth Through Agricultural Progress